

Classification

Enclosures 2048-198
Record Section File No.
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MILITARY INTELLIGENCE DIVISION **WAR DEPARTMENT GENERAL STAFF**

New Orleans, MID ~~MONTANA~~ **Argentinian** Report Argentina
Country Reported On

Subject Comments on Current Events I. G. No.
Brief Descriptive Title RECEIVED 6/2/41 MAY 10 1941

Source and Degree of Reliability:
G. T. Hale (Argentinian), 25th de Mayo, Buenos Aires, Argentina,
agent for many years of Standard Export Lumber Company, New Orleans, La
Considered reliable.

Summarization of Report
When Required
Attitude of Argentinians toward United States.
Fifth Columnists.
Air fields.
In Comments on Current Events Enter Item Headings Here

ATTITUDE OF ARGENTINIANS TOWARD UNITED STATES. (I. G. No. 3600)

Feeling is still strong in this country against the United States not permitting shipments of beef.

Psychological effect on seizing Axis ships was favorable towards United States.

Apart from the beef question, the feeling of the country as a whole is much more favorable towards the United States than in some time past.

FIFTH COLUMNISTS (I. G. No. 5940)

Fifth Columnists are strictly watched and do not get very far.

AIR FIELDS (I. G. No. 9185)

No increase in air field acreage other than normal requirements.

Levi G. Brown
LEVI G. BROWN,
Colonel, U. S. Army.

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From MCA, New Orleans Office Report No. 1 Date May 7, 1941
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MILITARY INTELLIGENCE DIVISION WAR DEPARTMENT GENERAL STAFF

MILITARY ATTACHE REPORT

NEW YORK, N. Y. I. D.

Argentina

Country Reported On

Subject Comments on Current Events. - 19.

I. C. No.

RECEIVED G/2 W. D. MAY 17 1941

Source and Degree of Reliability:

Source-Highly reliable.

Summarization of Report

Where Reported Agreement with Spain for shipment of cotton and wheat. Comparison of overseas trade for first quarter of 1941 and first quarter of 1940. Serious economic problems. General business conditions. Higher taxes.

In Comments on Current Events Enter Item Headings Here

The Argentine Government has arranged to finance the sale of 120,000 bales of cotton, valued at m\$n 18,000,000, to Spain. The necessary funds to pay the growers will be advanced to the National Cotton Board by the Banco de la Nacion Argentina. The Spanish Institute of Foreign Currencies, a Government agency, will guarantee the transaction which is for a period of 12 to 33 months from the date of shipment. Interest will be at the rate of 3 1/2%.

An agreement for the exportation of 380,000 tons of wheat and 2,000 tons of frozen meat to Spain, is about to be signed by the Banco Central de la Republica Argentina, acting as financial agent of the Argentine Government. The operation which amounts to a total of m\$n 35,000,000 has been guaranteed by an agreement between the Banco Nacional de Espana and the Cia. Hispano Argentina de Electricidad under which the latter undertakes to pay to the Argentine Government the sum of m\$n 35,000,000, in five annual installments of m\$n 7,000,000, plus interest at 3 1/2%.

The Senate has passed a bill authorizing the appropriation of m\$n 646,000,000 for the purchase of war materials on a five-year program.

Provisional figures covering Argentina's overseas trade for the first quarter of 1941 together with comparative figures for the same months of 1940 are given below:

		m/n
Overseas trade (excluding bullion)...	1941	\$ 542,784,000
" " " " " "	1940	\$ 933,795,000
		Decrease 41.9%
Imports	1941	\$ 219,982,000
" " " " " "	1940	\$ 425,503,000
		Decrease 48.3%

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From NEW YORK, N. Y. I. D. Report No. 1073 Date May 16, 1941
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Argentina's overseas trade (cont'd.)

Exports 1941 \downarrow 522,802,000 m/n
" 1940 \downarrow 508,293,000 "
Decrease 36.5%

Balance of trade (in favor of Argentine)

1941 ... \downarrow 102,819,000 m/n
1940 ... \downarrow 82,780,000 "

Argentina continues to have serious problems to solve. A substantial part of last year's corn crop will have to be destroyed either because of rot or lack of storage facilities, and the greater part of this year's very large crop will probably also have to be acquired by the Government, since the eventual disposal of it in foreign markets appears very improbable at this writing. Lack of bottoms and lack of markets are also holding back a great deal of wheat. On the other hand, the export of Argentine produce to the United States continues on a good scale and it is to be hoped that the formation of the new Export Corporation by representatives of important American interests here will develop new markets for Argentina's marginal products.

General business seems to be as good as could be expected in view of the many disturbing factors, as well as the threat of very much higher taxes in the near future, and the outlook appears to be approximately the same as it was a month ago.

Fredrick D. Sharp
FREDERICK D. SHARP,
Lieut. Col., G.S.C.

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Enclosures 3-17-1941
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MILITARY INTELLIGENCE DIVISION **WAR DEPARTMENT GENERAL STAFF**

MILITARY ATTACHE REPORT Argentina
New York Office, M.I.D. Country Reported On

Subject Current Events #44 I.G. No.
Final Descriptive Title RECEIVED 3/21/41 JUN 13 1941

Source and Degree of Reliability:
The Texas Company
Reliable.

Summarization of Report
When Required Favorable reaction to President Roosevelt's speech.
Acting President's address to Congress.
Foreign Trade. Freight movement.
In Comments on Current Events Enter Item Headings Here

Argentine reaction to President Roosevelt's speech is reported as being favorable.

The principal points covered in acting President Castillo's speech at the opening of Congress were as follows:
(a) He estimated a budget deficit of 400 million pesos and hoped for economies to reduce it to 250 million pesos.
(b) He emphasized the necessity for more active trade between the American nations.
(c) He criticized Congress for its failure to approve the Pinedo Plan and the loan for \$110 million from the United States.
(d) The President said he would cause legislation to be introduced into Congress providing for stricter governmental control of stock companies.

Argentine foreign trade for the first four months of the year amounted to 759,606,000 pesos, a decrease of 39.2% from last year. Imports were 312 million pesos as against 583 million pesos while exports were 446 million against 665 million. The excess of exports amounted to 137 million compared with 82 million in 1940. Purchases by the United States at 156.5 million were sharply increased and amounted to 35.1% of Argentine exports. Imports from the United States were lower at 56.2 million. The lesser movement of goods is reflected in lower receipts for Argentine railroads which, for the period July 1, 1940 to May 17, 1941 amounted to \$14,354,000 pesos less than the corresponding period of the preceding year. Tonnage of freight moved declined by about 27,000 tons.

The following table of exports covers the period January 1 to May 20, 1941:

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M.I.D.

From M.A. New York Office Report No. #1196 Date June 12, 1941
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GFT/eh

	1941	1940	1939
Wheat	967,000	1,729,000	1,650,000
Maize	268,000	1,148,000	1,078,000
Linseed	207,000	622,000	695,000
Oats	39,000	201,000	142,000
Barley	44,000	327,000	159,000
Rye	24,000	150,000	53,000

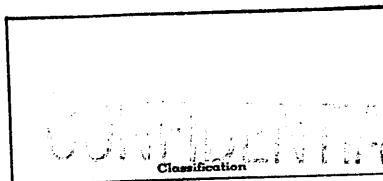
<u>1,549,000</u>	<u>4,177,000</u>	<u>3,777,000</u>
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Cotton (tons)	14,000	12,000	6,000
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Chilled and frozen beef exports to date amount to 1,582,000 quarters against 2,570,000 for the same period of last year; mutton and lamb 1,241,000 carcasses against 2,216,000 in 1940. Wool shipments amount to 311,000 bales from October 1st, 1940 to May 22nd, 1941, as compared with 228,000 bales for the same period of last year.

Frederick D. Sharp

FREDERICK D. SHARP,
Lieut. Col., G.S.C.



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MILITARY INTELLIGENCE DIVISION

WAR DEPARTMENT GENERAL STAFF

New Orleans, MID ~~MILITARY INTELLIGENCE REPORT~~ Argentina
Country Reported On

Subject Comments on Current Events I.G. No.
Brief Descriptive Title RECEIVED 6/2 W. D. JUN 16 1941

Source and Degree of Reliability:
Julio Enz, sales representative, U. S. Steel Export Corporation,
Rosario, Argentina. (Province of Santa Fe)
Considered reliable.

Summarization of Report
When Required

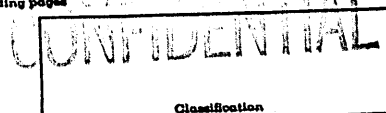
In Comments on Current Events Enter Item Headings Here

Italians and persons of Italian descent comprise about 1/3 of the total population of Rosario. For the past two years there has been a systematic method of forced contribution from Italian business men and firms, conducted by the Italian consulate. The result of this is that a fairly large majority of the Italians in this section of Argentina are anti-Axis.

Levi G. Brown
LEVI G. BROWN,
Colonel, U. S. Army.

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From ~~Mos~~ New Orleans, La Report No. 37 Date June 12, 1941
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MILITARY INTELLIGENCE DIVISION **WAR DEPARTMENT GENERAL STAFF**

MILITARY ATTACHE REPORT

New York Office, W.I.D.

Argentina

Country Reported On

Subject Comment on Current Events #59

I.G. No.

REC'D-G-2 JUL 3 1941

Source and Degree of Reliability:
American oil company. Reliable.

Summarization of Report

When Required Negotiations for purchase of Gas Company unsuccessful.
Foreign ships. Prior permits abolished. Shortage of imported supplies.
Customs receipts. Large budget deficit. Foreign exchange.

In Comments on Current Events Enter Item Headings Here

The negotiations between Y.P.F. and the Cia. Primitiva de Gas have been called off because the two parties can not get together concerning the price Y.P.F. is to pay for the installations of the Primitiva. Y.P.F. have asked that the national Government intervene and take over the gas company's installations by what they call legal proceedings. Y.P.F. turned down the proposal of the gas company to submit the valuation of the gas company's installations to a group of experts. The low figure offered by Y.P.F. for the properties may be their way of getting out from under the job of supplying gas to the city of Buenos Aires, but at the same time placing the onus of the deal on the Gas Company. Y.P.F. are past masters at this procedure.

The Government started taking over the foreign ships which are tied up in Argentine ports. Much to their surprise they found that over 80% of the ships were coal burners and now they do not know what to do. There is a shortage of coal already and the supplies of oil are not nearly as plentiful as Y.P.F. had forecast.

There is reported to be some manoeuvring on the part of Silveyra to discredit the Fuel Commission especially as regards the imports of fuel oil for local needs. If matters come to a showdown possibly some of the men on the Fuel Commission may turn out to be as smart as Silveyra.

BUSINESS AND FINANCIAL:-

The big news of the week was the new decree whereby effective July 1, 1941, the Exchange Control office will be abolished. The papers have run wild on the subject announcing all kinds of hoped for facilities for commerce. As you will note from the terms of the decree (copy of which is attached in English) is rather vague. The regulation of this decree which is announced in Articles 1 and 4 as forthcoming, will no doubt clear up the many points now obscure. In the first place I can not imagine nor conceive of this Government, which coolly announced an estimated deficit for the year 1941 of 400 million pesos, throwing over an operation which according to published figures gave the Government a profit of 201 million pesos. Just now the profit will be continued is yet to be established in the present decree

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M.I.D.

From W.I.D. New York Office Report No. #1254 Date July 1, 1941.
This line to appear on all succeeding pages

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however, it does indicate definitely that there will be a control on exchange and imports. My personal viewpoint is that if any facilities are granted by the new decree and its forthcoming regulations, they will be at a price which will very likely mean more exchange profits for the Argentine Government. My own explanations of the reasons for issuing the decree, which I offer for what they may be worth, are as follows:

1. Some local bankers I know say that it is surprising how much dollar credit there is piled up here in Buenos Aires. I have heard the story from several sources so believe it must be so. The Argentine export figures indicate a favorable balance of 16 million dollars for the first three months of 1941.

2. The local merchants have finally waked up to the fact that they better get some supplies, machinery, etc., in here while they can, because of the possibility that their only source of supply of a number of articles most necessary here in order to keep this country going, the U.S.A., may soon be closed because of the defense program, and possibly also a shortage of shipping space.

3. The receipts from the Customs House (January 1, 1941 to date) one of the principal sources of funds for the Argentine Government, are only slightly more than 50% of what they were for the same period of 1940. A rush of imports would help this situation.

4. The Government needs money; therefore, in view of the conditions cited above, I believe the Argentine authorities have worked out some scheme, (which will be announced shortly) whereby the present profits on exchange will be maintained or possibly increased, but which will permit the importation of material into this country in a much greater volume than has been allowed for the past two years. Maybe they have decided to go after volume for profits.

The exchange permits which have been granted are not affected by the new decree.

The peso opened at 4.22 to the dollar on June 6. The decree was announced in the evening papers June 6. At close of business at June 7, the peso was quoted at 423.50 to the U.S. dollar.

Frederick D. Sharp
FREDERICK D. SHARP,
Lieut. Col., G.S.C.

Encl. Newspaper clipping of
decree.

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MILITARY INTELLIGENCE DIVISION **WAR DEPARTMENT GENERAL STAFF**

MILITARY ATTACHE REPORT Argentina
NEW YORK OFFICE, MID.

Subject Current Events #55
I.G. No. Country Reported On

Source and Degree of Reliability: Oil Corporation - Reliable.

Summarization of Report When Required New airplane bases to be installed in Southern Territories. Clearance of merchandise. United States bids for corn beef. Exchange control - Exports - Agriculture. <small>In Comments on Current Events Enter Item Headings Here</small>

GENERAL

The Ministry of War in its annual report to Congress mentions its intention to install several airplane bases in the Southern Territories and advises a gradual increase of the present standing army.

The Ministry of Finance has resolved to permit clearance of merchandise through the Customs House without a certificate of Origin. This rule has applied to Europe since October 1939, but due to the uncertainty of mails from all countries now, the rule would be extended to all Continents.

As the first installment of a probable 20 million pounds of corned beef to be ordered from South America, the United States Army officials have asked for bids for 6 million pounds. 180,000 cans of corned beef have already been purchased by the Army from Argentina.

EXCHANGE

The announcement by the Minister of Finance, Dr. Carlos A. Acovedo, of the suppression of the Exchange Control Bureau on July 1st, has caused widespread satisfaction both here and in the States. The details of the products which are to be permitted entry under different conditions were not announced in the communication, but it stated that, on the basis of 1940 imports, about 85% of all imports will be subject to no limitation, 11% would be subject to quantitative limitations of a flexible character, and 4% suspended until the exchange position improves. Factors permitting this step towards elimination of exchange control were, economies in exchange from restricted imports and the probable approval of the 110 million dollar loan from the United States. In connection with the above the Government has decreed that:

1. The previous permit for exchange is suppressed as of July 1st, 1941, except in special cases and for the articles decided upon by the Ministry of Finance after hearing the opinion of the Exchange Commission.

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From Mr. NY Office, MID. Report No. 1245 Date June 27, 1941
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2. The Exchange Control Office is suppressed as of the same day. The remaining duties of this Office will be handled by the Inspection Department of the Customs House as regards control of Custom House proceedings; by the Income Tax Department for inspections and investigations; and by the Central Bank for the remainder of the duties relating to exchange operations and their control.

Shipping permits are suppressed except for those articles whose export must be controlled by the Customs House due to special regulations.

ARGENTINE EXPORTS TO THE UNITED STATES

Argentine exports to the United States according to the United States Consulate General in May amounted to \$16,693,991 U.S. Cy., compared to \$15,313,997 in April and \$5,544,079 in May last year. The total for the first five months was \$72,405,029 as against \$37,197,125 last year. Wool accounted for 54% of the total during this period.

AGRICULTURE

Frosts recently in Salta and Jujuy are reported to have caused great damage especially to vegetables and fruits. The Government has established a basic price for sunflower seed of \$10.50 pesos per 100 kilos and has stated that it will sell to industry at \$12 pesos. Purchases by the Government start June 16th and lower prices may not be quoted on the market. Sellers must agree to reduce acreage 10% next season. The National Grain Board has suppressed the 10% toleration if insect damaged corn in its corn purchases. A price of 1 peso a ton for old corn has been set for its sales of the grain as fuel to fuel importers. Sugar production in 1940 was 539,433 tons from 5,565,078 tons of cane. This is an increase of 17,022 tons over the 1939 sugar production.

The table of cereal exports follows (in tons):

EXPORTS FROM JANUARY 1st TO JUNE 6th

	<u>1941</u>	<u>1940</u>	<u>1939</u>
Wheat	1,105,000	1,910,000	2,135,000
Maize	269,000	1,275,000	1,392,000
Linseed	222,000	648,000	754,000
Oats	40,000	212,000	151,000
Barley	44,000	329,000	168,000
Rye	32,000	150,000	67,000
	<u>1,712,000</u>	<u>4,524,000</u>	<u>4,667,000</u>
Cotton (tons)	20,000	12,000	7,000

Chilled and frozen beef exports to date amount to 1,659,000 quarters against 2,860,000 for the same period of last year; mutton and lamb 1,298,000 carcasses against 2,298,000 in 1940. Wool shipments amount to 326,000 bales from October 1st, 1940 to June 5th, 1941, as compared with 240,000 bales for the same period of last year.

ELECTRIC POWER CONSUMPTION:

During the month of March, 1941, total K.W.H. sold by all private companies in Argentina amounted to 156,400,964, as compared with 158,317,779 in March 1940, a decrease of 1,916,815.

Frederick D. Sharp
 FREDERICK D. SHARP,
 Lieut. Col., G.S.C.

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MILITARY INTELLIGENCE DIVISION **WAR DEPARTMENT GENERAL STAFF**

New Orleans, LDO **MILITARY ATTACHE REPORT** Argentina
Country Reported On

Subject Comments on Current Events. I.G. No.
REC'D-G-2 JUL 29 1941

Source and Degree of Reliability: M. J. Lunn, Chrysler Corp. Genl. Sales Mgr. for all S. American countries except Venezuela & Colombia. Residence: Buenos Aires. Served as captain of Engineers in last war. F. J. Treacy, auditor for Union Telephone Co., Argentine subsidiary of ITT. Residence: Buenos Aires.
BOTH CONSIDERED RELIABLE.

Summarization of Report	Political Notes & General Comments.
Supplies of Food, Forage, Gas, Fuel.	Airfields
Large Factories	Communications
Automobiles & Trucks	Water Supply-Power Plants
Railroads	Labor
Bus Lines	Arid & Jungle Sections
Roads	Patagonia

Supplies of Food, Forage, Gas & Fuel.

Ample supply of forage for animals and food for troops operating in Argentina.

Argentina imports about 40% of its crude oil. It imports no gasoline, its own refineries supplying its needs. The oil field at Comodoro Rivadavia produces 50% of the total crude oil in Argentina. Other fields are at Plaza Huincul in Neuquen Province, at Mendoza and at Palermo. Argentina gets oil from another field just over the border in Bolivia.

Wood is very scarce in Argentina. Outside of eucalyptus, which has been imported, there is practically no wood in Argentina in the northern part down to Patagonia. There is no native timber in the central part. In Patagonia the mesquite varies in height from about 10 feet in the northern part, gradually playing out at the extreme southern end. This mesquite is used in the same manner as in the southwest United States.

Steam fuel, outside of oil, was before the war imported from Poland, but now comes from the U. S.

Large factories

Quaker Oats has a large plant in Argentina, and there are many other American firms that have subsidiaries in Buenos Aires for the manufacture of food products. Armour & Swift plants are located at La Plata.

Buenos Aires is developing a number of plants. General Motors, Ford and Chrysler have assembly plants. Johnson & Johnson has a large branch factory in Buenos Aires, furnishing pharmaceutical supplies to the Argentine Army. Dupont has a plant at Buenos Aires supplying all automobile paint, and a rayon plant just outside of Buenos Aires.

Automobiles & Trucks.

The capacity of the General Motors assembly plant is around 150 cars and

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From ~~NEW~~ New Orleans, L Report No. 92 Date July 24, 1941
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trucks a day. Ford has about the same capacity. Chrysler has two assembly plants having a capacity of about 75 units a day.

General Motors, Ford and Chrysler maintain parts warehouses, and the independent companies maintain some parts. All of these parts houses are in Buenos Aires. The three major companies carry a large stock. Normally Chrysler carries about \$250,000 inventory. It is believed that General Motors and Ford carry twice that amount.

International Harvester, John Deere, Caterpillar and other tractor companies are represented as doing a good business. 90% of the agricultural machinery and automobile equipment, both now and before the war, is of American make.

There is no authentic record of the number of cars and trucks in Argentina. Government estimates 400,000, and the publication *El Automobilo Americano* puts it at 350,000, of which approximately 30% are trucks and buses. The average truck is a 1 1/2 ton truck. They overload these trucks, hauling from 5 to 10 tons.

Argentina manufactures 30% of its farm machinery, tractors, combines, and so forth.

Railroads

All railway time tables are published in one book, put out by Villalonga. We feel certain that the War Department has it.

There are three gauges of railroads in Argentina, standard, narrow and extra broad. An extra broad gauge extends from Buenos Aires to San Carlos de Barroloche in Rio Negro Province. Mr. Munn believes that most of the railways are either narrow or extra broad gauge, a comparatively small percentage of the roads being standard gauge. Trains in Argentina are lighter than in the U. S., being more on the European style. The 40-men 8-horses type. The number of trains is about the same as in similar sections of this country.

The differences in gauge would render it impractical to use our standard equipment in Argentina.

Bus Lines.

The buses are somewhat on the order of the country school buses in the U. S. There is a series of connecting bus lines extending from Buenos Aires to Rio Gallegos, and from Buenos Aires to Cordoba. There are a number of other smaller lines, but the bus schedule varies with the traffic. On runs like Buenos Aires to Rosario, and from Rosario to Cordoba there is a bus every two hours.

Roads

Argentina is building good roads. At present there are approximately 10,000 kilometers of good roads. Road maps, which are easily obtainable, show condition of roads.

In the central part of Argentina, the heart of the country, contains a greater proportion of population and industry. There are some good roads across it, and a very few good cross country roads connecting them. To go into the western part of Buenos Aires Province in wet weather means plowing through the mud, but four-wheel drive trucks can go through anywhere in the worst weather. Sometimes the water will be a foot deep over the road for four or five miles, but the four-wheel drive can get through. This is open country, and can be covered by cavalry and foot troops. In wet weather the mud is bad.

In January and February, 1939, (the dry season) Mr. Munn made a trip from New Orleans, La.

CONFIDENTIAL

Report #92

7/24/41

Buenos Aires to Bahia Blanca, Puerto Madryn, Comodoro Rivadavia, Puerto Deseado, San Julian, Bahia Gallegos and Marallanes, returning to Comodoro Rivadavia, then to Esquel (Chubut Province), San Carlos de Bariloche (Rio Negro Province) Zapala (Neuquen Province,) and thence to Buenos Aires. Roads south of Bahia Blanca are mostly gravel and passable. Car can make 60 miles an hour on this road, but this is pretty hard traveling. This trip was made to determine the specifications for motor trucks Chrysler was selling in that country. Motor equipment in Argentina needs as high axle clearance as may be obtained, and maximum gearage. Many of the roads leading back from the coast are just old time wagon trails, very rutted, on which axle clearance is very necessary. Dual tires on these roads are practically useless, because of the depth of the ruts. South of the River Colorado is almost entirely sheep country, with ranch houses from 10 to 20 miles apart. Soil in this section is gravelly. Road is passable in all seasons.

Some of the roads which are being built in Argentina are gravel, and some concrete. Cement is manufactured in Argentina.

Mr. Munn states that there is no province in the entire country in which he would hesitate to take a four-wheel drive truck; however, he feels he would get into some trouble in northern Chaco and Misiones provinces in wet weather.

From a military point of view there is not a really important highway bridge in all Argentina. Even the fast flowing streams in Patagonia are not deep enough to float a pontoon. The only river of importance in Argentina is the Parana. There is a semi-weekly boat service to Asuncion in Paraguay. Steamers of 20-foot draft make this trip. Before the war some steamers came from Europe and went all the way to Asuncion.

Airfields.

There are air fields at Buenos Aires, Cordoba, Mendoza, Tucuman, Salta, Jujuy, Rosario, Bahia Blanca, Comodoro Rivadavia and Rio Gallegos that are large enough to land and take off a Douglas DC-3. Fields are not lighted. Generally speaking, Argentina is a beautiful country in which to make an emergency landing almost anywhere. You may not be able to take off again, but you can sit down.

Panair maintains quite an airplane repair shop at Buenos Aires. Mr. Munn is certain that the other companies operating out of Buenos Aires do likewise.

The Argentine government has an airplane manufacturing plant at Cordoba, in which they are building advanced trainers, including engines. Thinks it is under Curtiss Wright or Pratt & Whitney.

Communications

The Argentine Government operates the radio system and the national telephone system, which is quite good. ITT operates telephone system in Buenos Aires, and other large towns, and takes all long distance calls throughout the country. ITT can no doubt give full details of the communication system in Argentina.

Water Supply.... Power Plants

All the cities and larger towns have water and power plants sufficient for their needs. There would be no trouble about water for troops in Argentina. In the plain and arid sections water can be obtained from driven or bored wells easily, as the water table is comparatively high.

Labor.

The percentage of skilled labor available in Argentina is much below that of the U. S. In the assembly plants they take unskilled labor and train them, and keep them indefinitely. The number of good automobile mechanics is far less per unit of population than in the U. S.

There is almost an unlimited supply of unskilled labor. Labor is decidedly organized, and is protected in its organization by the Government and by laws much more advanced than in this country. A man goes on the payroll for three months, and becomes a permanent employee. He cannot be discharged except for cause, which must be declared before a labor court and proven. There is also a pension scale or bonus for discharged employees. For each year of service an employer must give a discharged employee a month's pay. However, like every law, there are always loopholes.

There are wages and hours laws. Wages in Buenos Aires are in pesos about what they are here in dollars. Four pesos twenty centavos equals one dollar.

Arid section..... Jungle section

The arid section of Argentina includes the provinces of Santa Cruz, Chubut, Rio Negro, Neuquen, 1/2 of Cordoba, 1/2 of La Pampa, Mendoza, San Luis, San Juan, La Rioja, Santiago del Estero, Catamarca, Tucuman, Salta, Los Andes.

The jungle section includes the provinces of Misiones, northern Corrientes, the Chaco and parts of Entre Rios.

Patagonia.

Patagonia is that part of the country below the Rio Colorado. There is a very sharp line of demarcation in the type of country, beginning at that point. Above is beautiful grazing and farming country, and south of the river you come into mesquite and brush country. In the upper part the brush is 10 to 15 feet high, but as you go south it becomes smaller, and at the Rio Gallegos disappears altogether, making way for a coarse grass. There are no cattle in Patagonia, only sheep, unless you go into the valleys that come down through the Andes. There they raise some horses and cattle. A great percentage of Patagonia is owned by English. Buenos Aires province is good horse country. There is a much higher percentage of horses in Argentina than in the U. S. now.

Political notes.

An article in a recent issue of Time Magazine on Argentina described political conditions in that country well. The people originally regarded the vice president as a radical, but now they think him a strong conservative ruler.

General comments.

Argentina has much wheat and meat for sale, which they cannot sell. Wheat is rotting in Argentina. The people resent attitude of U. S. toward Argentine beef. Mr. Munn believes that if we took 2% of the Argentine beef the people would be satisfied.

There is some talk of Germans having arms in Argentina, but this, Mr. Munn thinks, is mostly bunk. The incident of finding arms in Uruguay, in his opinion, was very much exaggerated.

No German aviators are allowed to fly in Argentina or Brazil.

Comments on Current Events,
Argentina

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Argentine army is small, and was previously trained by Germans. Naturally they admire the successes of former German instructors, and might be sympathetic to the Germans if they come into Argentina.

Argentina recently appropriated \$25,000,000 for new army equipment.

The German barter system did not work well in Argentina. The business men did not take kindly to it, so very little business was carried out in that method.

Mr. Lunn states that he has never been contacted by the present military attache, but was contacted about six months ago by Colonel Devine, the former military attache.

Levi G. Brown
LEVI G. BROWN,
Colonel, U. S. Army.

New Orleans, La.

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7/24/41

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Classification

Enclosures 2048-198
Record Section File No.
Copy No. 6-1

MILITARY INTELLIGENCE DIVISION **WAR DEPARTMENT GENERAL STAFF**

New Orleans, MID **MILITARY ATTACHE REPORT** Argentina
Country Reported On

Subject Comments on Current Events I. G. No.
Serial Descriptive Title **REC'D-G-2 JUL 29 1941**

Source and Degree of Reliability:
H. K. Kelly, traffic manager, Delta Line, New Orleans, La. Mr. Kelly has just returned from a stay of 4 months in Argentina. Considered reliable, but appears to be put out because the Govt. has taken over some ships of his line.

Summarization of Report
When Reported
Black List.
Propaganda.
British Attitude.
Business & Trade.
Fifth Column.

In Comments on Current Events Enter Item Headings Here

Black List.

It is problematical what the black list is going to do down there. If an American firm decided to go into business in the Argentine, it would have considerable difficulty in locating established concerns that are American. Many Americans are represented by other nationalities, even German. FIRM IN ST. LOUIS, KNOWN AS M. KELLY, STARTED SHIPPING TO BUENOS AIRES IN NOVEMBER, 1939. AGENT IS A GERMAN FIRM. IT HAS BEEN CUSTOMARY FOR HIM TO CONSIGN GOODS TO A GERMAN FIRM WHO IS NOT THE ULTIMATE CONSUMER. NOW THEY ARE GOING TO TELEPHONE DOWN THERE AND GET THE NAME OF THE REAL BUYER AND USE THAT INSTEAD OF THE NAME OF THE AGENT. Criticism of the black list is that it is compiled too much by agency and commercial attaches, and without enough reference to business men and people who have been in business down there. They feel that because a man is a German, perhaps born in Germany, or possibly had the representation of some German firm, is no definite reason why that man should be on the black list. He may be entirely opposed to Hitler.

Propaganda.

You don't hear a lot about German propaganda. Two newspapers published daily in German, one pro-and one anti-Hitler. They have all kinds of announcements of club meetings, etc. Plenty of room for activity. No control over it.

British Attitude.

British look on the proposition of Germans coming over there as remote. They are about the same frame of mind we were two years ago. Brazilians do not appreciate the danger as much as we do. People have no one to tell them how dangerous situation is except what they read in the papers. British papers, naturally, report most of British side. The people think England will win because she always has won. Argentinians feel it is only a matter of time before the Allies win the War. Mr. Kelly thinks

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From Mr. A. New Orleans, La Report No. 95 Date July 25, 1941
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Comments on Current Events,
Argentina

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that continent will change since the fall of Czech and Greece. That will start them thinking.

The British people formerly went to Europe on vacation. Now they talk about coming up here. They feel no anxiety about the trip. Some American firms have already cancelled any leaves to the States, because they are afraid the people won't get back. Others are letting employees come up, thinking they will find a way if the necessity arises.

Business and Trade.

There is some resentment toward the U. S. about not buying their beef. They would like us to buy \$25,000,000 a year in beef and mutton. Right now England is taking the entire production. A man at Armour & Company told Mr. Kelly they went down there this year and killed enough sheep to keep the farmers going.

Fifth Column.

Mr. Kelly heard no expressions regarding Fifth Column activities. It may be that German activities are greater in country districts than in Buenos Aires.

Levi G. Brown
LEVI G. BROWN,
Colonel, U. S. Army.

New Orleans, La.

Report #95

July 25, 1941

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Enclosures

Record Section File No.

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MILITARY INTELLIGENCE DIVISION

WAR DEPARTMENT GENERAL STAFF

MILITARY ATTACHE REPORT Argentina

New York Office, M.I.D.

Country Reported On

Subject Comments on Current Events #85

I. G. No.

Final Descriptive Title

REC'D-G-2 JUL 23 1941

Source and Degree of Reliability:

American Bank. Highly reliable.

Summarization of Report

When Required

Losses on government cereal purchases. Investigation of anti-Argentine activities. Lack of clarity in foreign policy. Meat exports to U.S.A. Chaco cotton crop destroyed.

In Comments on Current Events Enter Item Headings Here

In a broadcast delivered a few days ago, the President of the National Bank revealed the approximate loss the State has sustained on its basic price purchases of cereals and linseed. The loss on the 1938-1939 wheat crop totalled m\$n 130.000.000. The loss on the 1939-1940 maize crop is estimated at more or less m\$n 170.000.000. to which must be added the losses which in all probability the Government must be expected to suffer on its basic price purchases of the current wheat, linseed, and barley crops. The sum of m\$n 400.000.000. was mentioned as the approximate loss on the State purchases of these five crops. The purchases of this season's maize crop it is thought, will in all probability entail a further loss of m\$n 200.000.000.

The Chamber of Deputies recently voted on the motion to appoint a special Committee to investigate anti-Argentine activities. The motion was approved by 95 votes to one, which revealed a unanimity of view and singleness of purpose not common in Argentine legislative practice. The vote was taken following an earlier interpellation of the Minister of the Interior, Dr. Culaciatti, on the same subject, and the almost unanimous vote which the motion secured has been interpreted as revealing the concern of Congress at the state of affairs brought out by the Minister's admissions and the Government's apparent lack of decision on any definite line of correctional action. Since its appointment, the special Committee has rapidly disposed of the preliminaries incidental to its mission and has secured the promise of full cooperation of the Minister of the Interior as well as the assistance of the Executive Power and of the Chief of Police. Numerous hearings have been taken and the public is showing growing interest in the work of the committee and speculation is rife as to what its findings will be. Aside from official promises of cooperation the committee has secured the spontaneous sympathetic support of the Press and of the general public.

In contrast with the above it was disappointing to observe the evasiveness of the Argentine State Department's reply to the Uruguayan note concerning the necessity for reiterating expressions of solidarity and immediate mutual aid between the American nations in case any of them were

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From M.A. New York Office Report No. #1337 Date July 22, 1941
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to be involved in war in defense of their rights, as well as the establishing of the principle that no American nation at such a juncture would be considered a belligerent by the other nations of this hemisphere. The "Nacion" and the "Prensa" have led off the attacks on this ill defined policy and it is reported on good authority that recently appointed Minister of Foreign Affairs, Ruiz Guinazu, will be subject to interpellation in the near future, the object being to impress the Executive of Congress with the popular desire to see on the part of the Executive an energetic definition of its position as a Government of a democratic state.

Recent press dispatches state that Argentina has obtained permission to ship 4,000 tons of meat each year to the United States from Tierra del Fuego. Meat from this district was formerly shipped to Great Britain and while the amount is not large, it is felt that shipments in even this amount will generally be beneficial to this country.

In discussing the cotton situation with cotton merchants and users it is learned that practically the entire cotton crop in the Chaco has been destroyed. About one-half of the destruction came about through excessive rains and the other one-half through frost. While the cotton industry in this country is not large, practically all of the machinery used in cotton processing, with the exception of one or two mills, has been imported duty free under an agreement that the machinery would only be used to process Argentine cotton. This of course caused complications but the present indications are that the factories will be permitted to employ imported cotton during this year in order to keep the factories running.

F. D. Sharp
FREDERICK D. SHARP,
Lieut. Col., G.S.C.

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Record Section File No.
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MILITARY INTELLIGENCE DIVISION WAR DEPARTMENT GENERAL STAFF

MILITARY ATTACHE REPORT Argentina
New York Office, M.I.D.

Country Reported On

Subject Current Events #95
Brief Descriptive Title

I. G. No.

REC'D-G-2 JUL 29 1941

Source and Degree of Reliability:

Argentine-American Chamber of Commerce. Reliable.

Summarization of Report

When Required

Establishment of General Supply Dept. Site for airport at Buenos Aires selected. Proposed law regulating telegraph, telephone and radio communications. Foreign exchange. Foreign Trade. Agriculture and exports. Automobile imports.

In Comments on Current Events Enter Item Heading Here

The Government has decreed the establishment of a General Supply Department under the Ministry of Finance which will take charge of all purchases for the Government and be headed by Ernesto F. Llavallo. Great savings in prices and overhead are expected. The Government has sent a bill to Congress calling for \$4,700,000 pesos to be spent in setting up a meteorological service thruout the country for the protection of airplanes. The Corporacion de Productores de Carnes has purchased packing houses at Puerto Deseado, in Santa Cruz, and Rio Grande, Tierra del Fuego, in the Far South at prices of \$1,250,000 pesos and \$3,150,000 pesos respectively. The Ministry of Finance has set up stringent rules for insurance company accounting; such as securities being figures at cost or market whichever is lower. Public bonds cannot figure at over the nominal value. Depreciation methods are outlined.

The Ministry of the Interior has given out the report of the special committee appointed to select a site for an airport for this city. It chooses the river front at the upper edge of the city at the end of the new avenue being built around the city. 30 million pesos will be needed to make the 250 hectares of land from the river and another 30 million for equipment. La Guardia Field in New York cost 45 million dollars. On July 5th the Avda. General Paz, going entirely around the outskirts of the Capital, will be opened for 80% of its length of 24 kilometers.

The Government has sent a proposed law to Congress to control the development and functioning of telegraph, telephone and radio communications. The Post Office Department has ordered all broadcasting stations to have rubricated accounting books by September 1st and these will be subject to examination by the Radio Communications Department. The Ministry of Public Works has sent a message to Congress giving \$197,263,538 pesos as the amount to be spent on public works this year against 171 million last year. The money will be spent on works already under construction, and no new works are to be started. Bids are to be submitted by July 29th to the Post Office Department for the establishment of four additional short-wave broadcasting stations, two to be in

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M. I. D.

From M. I. D. New York Office **Report No.** #1362 **Date** July 28, 1941.
This line to appear on all succeeding pages

GRT/eh

this city. Dr. Gustavo Martinez Zuviela, lawyer and former national deputy, better known as Hugo Wast, novelist, has been appointed to the vacancy of Interventor in the Province of Catamarca, caused by the resignation of General Rodolfo Martinez Pita.

EXCHANGE: The new regulations for exchange and imports and exports have been made available to the authorized institutions. Control of exchange at several fixed rates is continued essentially as before. The Exchange Control Office is abolished and its functions divided between the Central Bank, the Customs House and the Statistical Department. On the great majority of articles no prior permits will be required and exchange may be applied for after merchandise is cleared thru the Customs. A number of other products, however, are listed for which exchange must be obtained in the Auction Market or thru the Corporacion para la Promocion del Intercambio. This exchange must be obtained before clearance thru customs of the goods, so that it would be advisable to obtain the permit before shipment from country of origin.

The Customs will have the Registry of Importers, the sale of forms for certificates that shipments have been cleared, verify the sale of exchange by importers. The Central Bank will control the exchange operations of exporters, authorizations for adjustment of F.O.B. values of exported goods; grant permits for dispatch of goods subject to quota limitations.

The Ministry has also issued a booklet of some 75 pages in which is noted the classification of all countries into three groups, instead of the previous eleven groups; of which group 1 includes neighboring countries and the sterling countries, group 2 includes imports paid in dollars and other currencies, and group 3 includes imports from any origin. The booklet thus lists some 5300 items by tariff number, with no description of the article, and assigns the items to group numbers and the rate of exchange which will be granted. It will be impossible, of course to translate the names of the several thousand products which can now be imported from the States, but it can be said that a large number of products can be imported without permit which were previously prohibited, others can be imported on a quota basis and the exchange rate has been improved in some cases.

ARGENTINE FOREIGN TRADE:- figures for the first five months show an export balance of 182.5 million pesos against 100.5 million last year for the same period. Imports were 412.0 million pesos compared with 707.3 million in 1940 and exports 594.6 million against 807.8 million last year. United States and Great Britain took over 70% of the country's exports during the period covered, the United States taking 35.3% of the total with nearly double the value for 1940.

AGRICULTURE: The Government's monthly crop report states that the dry and cold weather in June has favored condition of the crops tho not the pasturage. Old corn on hand is estimated to have suffered a loss of 3,600,000 tons recently, that much being no longer in condition for export. Stocks for export on hand are 8,646,000 tons. The Government announces that bids will be asked for the construction of a large number of grain elevators throughout the country. A table of cereal exports follows (in tons):

Exports from January 1 to June 27			
	1941	1940	1939
Wheat	1,250,000	2,226,000	2,343,000
Maize	272,000	1,364,000	1,624,000
Linseed	267,000	666,000	799,000
Oats	41,000	214,000	165,000
Barley	48,000	329,000	197,000
Rye	33,000	158,000	70,000
	1,911,000	4,957,000	5,180,000

Cotton (tons)

25,000

14,000

8,000

Chilled and frozen beef exports to date amount to 2,530,000 quarters against 3,207,000 for the same period of last year; mutton and lamb 1,610,000 carcasses against 2,453,000 in 1940. Wool shipments amount to 357,000 bales from October 1, 1940 to June 26, 1941, as compared with 250,000 bales for the same period of last year.

AUTOMOBILE IMPORTS for the first five months amounted to 2,167 cars and 273 trucks of which 2,089 and 262 came from the U.S. The totals compare with the 11,308 cars and 3,278 trucks in 1940.

Fredrick Sharp

FREDERICK D. SHARP,
Lieut. Col., G.S.C.

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